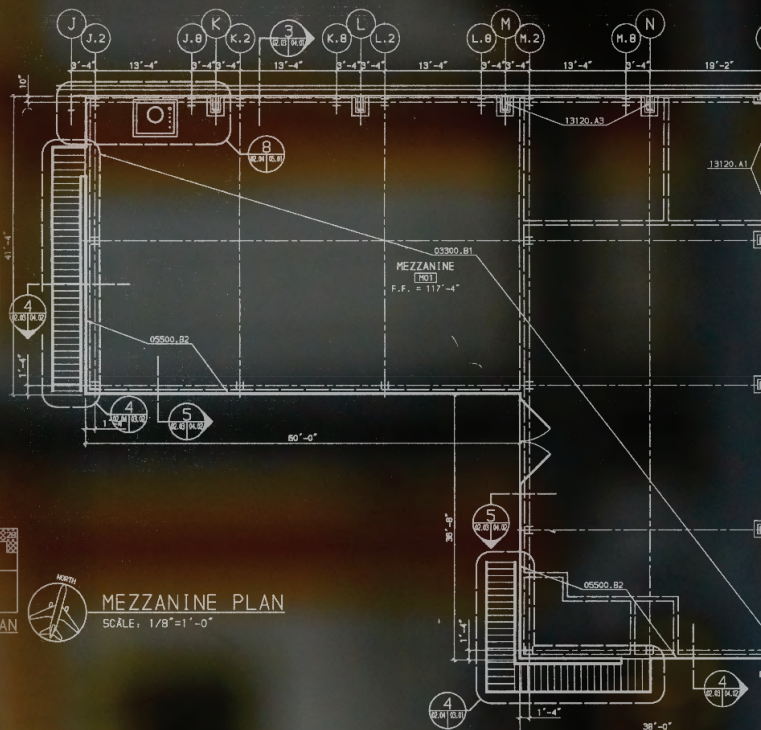


RECORD DRAWINGS INCLUDE AS BUILT  
MODIFICATIONS AND CORRECTIONS OF  
ORIGINAL PLANS AS SUBMITTED BY THE  
GENERAL CONTRACTOR.

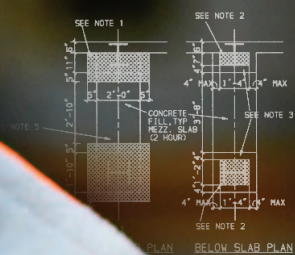
# INVESTING IN ALASKANS

CREATING PATHWAYS TO CAPITAL

ENLARGED PLAN  
SCALE: 1/4"=1'-0"



MEZZANINE PLAN  
SCALE: 1/8"=1'-0"



UNDER SLAB & COVER  
PLATE PLAN DETAIL  
SCALE: 3/8"=1'-0"

#### CONSTRUCTION NOTES:

- NOTE 1 1/8" STEEL PLATE AT TOP OF FLOOR SLAB, TYPICAL. CONTINUOUS FILLET WELD TO STRUCTURAL MEMBER (COLUMN) ONLY. DO NOT ATTACH TO SLAB, TYPICAL.
- NOTE 2 1/8" STEEL PLATE AT BOTTOM OF FLOOR SLAB, TYPICAL. CONTINUOUS FILLET WELD TO STRUCTURAL MEMBER ONLY.
- NOTE 3 USE IMPELLING CLIPS WHEREVER 4" SET INTO GAP REMAINS.
- NOTE 4 STEEL PLATING & SAFING SHOWN FOR 8" DIAGONALLY BRACED COLUMN. 8" FOR ALL COLUMNS OF THIS PROJECT. SINGLE COLUMNS, ETC. THAT PERFORM SECOND FLOOR MEZZANINE.
- NOTE 5 DIAGONAL BRACING OMITTED FOR

AIDEA



AIDEA's Mission

TO PROMOTE, DEVELOP, AND ADVANCE  
ECONOMIC GROWTH AND DIVERSIFICATION  
IN ALASKA BY PROVIDING VARIOUS MEANS OF  
FINANCING AND INVESTMENT

The publication on the activities and financial condition of the Alaska  
Industrial Development and Export Authority is submitted in accordance  
with AS 44.88.210. The report was printed at a cost of \$5.38 per copy  
and was printed in Anchorage, Alaska. Design and production by  
Walsh|Sheppard. Printed by Pyramid Printing Company, Inc.

# FY 2017 HIGHLIGHTS

1,385 PERMANENT JOBS  
575 CONSTRUCTION JOBS  
\$1.317 B NET POSITION  
\$5.838 MM INCREASE IN NET POSITION  
\$12.883 MM DIVIDEND DECLARED FOR FY18  
\$124.65 MM TOTAL GROSS LOAN PARTICIPATIONS FUNDED

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2017 Highlights	Governor's Letter	Chair's Letter	Report to Alaskans	Recent Project Activity	Infrastructure Development	Interior Energy Project	Assets & Projects	Project Development & Asset Management	Pentex	Loan Participation Program	Bonds & Specialty Programs	Small Business Loans	Portfolio Highlights	Financial Highlights	Statement of Net Position	Financial Statement	Board & Executive Staff





# BILL WALKER

GOVERNOR OF ALASKA

Dear Alaskans,

Fifty years ago, the Alaska State Legislature created the Alaska Industrial Development and Export Authority (AIDEA), to develop, encourage, and improve the economic potential and welfare of the people of Alaska. Since then, AIDEA has sustained that mission and provided a variety of dynamic programs to finance Alaska businesses, nonprofit groups, and community projects.

In Fiscal Year 2017, AIDEA continued to advance job opportunities and promote economic growth for the people of Alaska. AIDEA made possible more than 1,900 jobs that were created, supported, or retained in Alaska. Additionally, AIDEA loans and investments, totaling more than \$116.8 million, leveraged an additional \$36 million in private sector financing. Along with these encouraging economic impacts for our state, AIDEA increased its net position and rewarded a \$12.8 million dividend to the state general fund, bringing the total declared to the State more than \$392 million in the past 20 years.

I am proud of AIDEA's work since its inception. Their programs have done so much to boost economic growth and stability in Alaska. I encourage you to learn more about their efforts through their Annual Report. We look forward to working together to build a stronger Alaska for the future!

Sincerely,

Bill Walker  
Governor



# DANA PRUHS

CHAIRMAN

The Alaska Industrial Development and Export Authority exists to support the implementation of the state's desire to grow and diversify the economy. I am happy to report that in FY 2017 we were again successful in accomplishing that mission. AIDEA recorded the creation of 1,960 new and retained jobs, and AIDEA's investments of \$116 million leveraged an additional private investment of \$36 million in 43 projects.

It has been an exciting year in Alaska and especially for AIDEA, where we have seen an abundance of activity over the past year. Despite the economic slowdown, AIDEA has remained busy in particular with larger long-term infrastructure projects and commercial real estate financing. The Loan Participation program saw a record number of loans and a record total value of AIDEA participations.

A couple other noteworthy projects for the year include the continued progress on the Interior Energy Project, which aims to bring natural gas to the Fairbanks region to lower heating costs and increase air quality. In addition, solid progress was made with the Ambler Mining District Industrial Access Project through the selection of the third party contractor to assist BLM in the Scoping Phase of the Environmental Impact Statement process, and with the National Park Service Environmental and Economic Assessment study under ANILCA.

I am also proud that AIDEA's work not only benefits Alaska businesses and the communities in which they are located, but provides an annual dividend to the state's general fund to help support programs and services throughout the state. In FY 2017, AIDEA declared a dividend of \$12.883 million, bringing the Authority's declared dividend total to \$392.8 million.

It has been an honor to serve as the Chairman of the Board again this year. Working with this group is inspiring and rewarding. I want to thank all board members for their service and the contributions they make in improving and enhancing businesses across the state.

As exciting and fulfilling as this year has been, I look forward to accomplishing even more over the next year. The board and I are very proud of the hard work done by the AIDEA management and staff in promoting economic growth and opportunity for all Alaskans. Alaska has a bright future because of their strong commitment to working together and bringing these projects to fruition, which ultimately encourages development and growth in all regions of Alaska.

# \$36,174,692

PRIVATE/PUBLIC CAPITAL LEVERAGED





# REPORT TO ALASKANS



**JOHN SPRINGSTEEN**  
CEO/EXECUTIVE DIRECTOR

AIDEA, Alaska’s development finance authority, promotes economic growth and job creation by investing in businesses and projects in all sectors of Alaska’s economy. Our goals include stimulating economic growth and diversification, providing access to capital, supporting job creation, and strengthening the state’s business sectors. In these economic times it is critical to stem the outflow of investments and jobs, to build resiliency into our businesses, and to build resilience in our communities and state. To remain vibrant and valuable, we challenge ourselves to respond to current needs of Alaska’s businesses in times of rapidly changing economic conditions.

AIDEA is proud of its investments in Alaskans and in Alaska through loans, bonds, and other financing tools, which support businesses and generate hundreds of jobs for the people of Alaska. Our current projects and new investments are projected to create more than 575 construction jobs, and create or retain more than 1,385 permanent jobs for Alaska.

Given our strong balance sheet, conservative and effective financial management of assets, and consistently strong performance, Standard & Poor’s has maintained its high quality credit rating of AA+ for AIDEA’s Revolving Fund, which is rated independently of the State.

In partnership with the state’s lending institutions, our Commercial Finance Division provides Alaska businesses with access to long-term capital to finance both new construction and the expansion of existing businesses. This past year, AIDEA has seen substantial growth in its commercial financing program and we project this trend to continue. In FY 2017, AIDEA funded over \$108 million in loan participations. Since its inception, the loan participation program has facilitated the creation and retention of thousands of jobs.

AIDEA directly supports economic diversity and job development for Alaskans through our Project Development and Asset Management, and our Infrastructure Divisions. We finance enterprise infrastructure and development projects in a variety of industries where these projects support hundreds of jobs for Alaskans and provide long-term economic growth and stability in regions throughout the state.

As we examine opportunities for expanding and upgrading our investments, AIDEA continues to make strategic investments in development projects and industrial infrastructure while it assists the State and private sector in developing our vast natural resources.

Before I close, I would like to recognize Dan Kennedy for his service on our board. We truly appreciate the hours he has dedicated to the organization, and more importantly, to our state.

Finally, on behalf of AIDEA’s management and staff, we thank Governor Walker, Alaska’s lawmakers, AIDEA Board members, our financing partners, and all Alaskans for their support of AIDEA and for allowing us to facilitate growth and expansion of the state’s enterprise economic engines.



FY 2017 AIDEA LOAN PARTICIPATIONS FUNDED

LOCATION	SECTOR	GROSS LOAN AMOUNT		AIDEA PORTION	USE OF FUNDS	FINANCIAL PARTNER	
Anchorage	Retail	\$	1,702,500	\$	1,532,000	New Construction	Northrim Bank
Anchorage	Retail		678,750		610,875	Acquisition	First National Bank Alaska
Anchorage	Equipment		2,680,206		2,412,185	Refinance	First National Bank Alaska
Anchorage	Recreation		8,899,800		7,119,840	Acquisition	Northrim Bank
Anchorage	Office		9,375,000		8,437,500	Refinance	First National Bank Alaska
Anchorage	Office/Warehouse		2,600,000		2,340,000	Refinance	Northrim Bank
Anchorage	Office/Warehouse		1,043,700		939,330	Refinance	First National Bank Alaska
Anchorage	Retail		6,997,500		6,297,750	New Construction	Northrim Bank
Anchorage	Warehouse		2,400,000		2,160,000	Refinance	Northrim Bank
Anchorage	Office/Warehouse		2,947,500		2,652,750	Refinance	Northrim Bank
Anchorage	Healthcare		356,250		320,625	Acquisition	First National Bank Alaska
Anchorage	Office		1,124,250		1,011,825	Acquisition	First National Bank Alaska
Anchorage	Retail		1,800,000		1,620,000	Acquisition	First National Bank Alaska
Anchorage	Healthcare		3,625,000		3,262,500	Refinance	Northrim Bank
Anchorage	Healthcare		1,275,000		1,147,500	Acquisition	Northrim Bank
Anchorage	Outside/Warehouse		693,750		624,375	Acquisition	First National Bank Alaska
Anchorage	Restaurant		1,400,000		1,260,000	Refinance	First National Bank Alaska
Anchorage	Office/Warehouse		521,000		468,900	Refinance	First National Bank Alaska
Anchorage	Office/Warehouse		1,500,000		1,350,000	Acquisition	First National Bank Alaska
Fairbanks	Warehouse		1,181,250		1,063,125	Refinance	Northrim Bank
Fairbanks	Office/Warehouse		1,005,000		904,500	Refinance	Northrim Bank
Fairbanks	Retail		848,000		763,200	Acquisition	Northrim Bank
Homer	Vessel		300,000		270,000	Refinance	First National Bank Alaska
Hoonah	Tourism		25,000,000		20,000,000	New Construction	Northrim Bank
Juneau	Retail		795,000		636,000	Acquisition	First Bank
Juneau	Retail		1,882,229		1,505,783	Acquisition	First Bank
Juneau	Aircraft		7,100,000		6,390,000	Refinance	First National Bank Alaska
Juneau	Office		5,600,000		5,040,000	Equity	Northrim Bank
Juneau	Retail		1,130,000		1,017,000	Refinance	Northrim Bank
Ketchikan	Warehouse		4,437,750		3,993,975	New Construction	First Bank
Ketchikan	Retail		1,023,266		920,939	Refinance	Northrim Bank
Ketchikan	Office/Warehouse		604,000		543,600	Refinance	First Bank
KTN/Thorne Bay	Retail		1,590,000		1,431,000	Refinance	Northrim Bank
KTN/Thorne Bay	Retail		3,210,000		2,889,000	Refinance	Northrim Bank
Wasilla	Healthcare		2,700,000		2,430,000	Refinance	First National Bank Alaska
Wasilla	Business Condo		1,200,000		1,080,000	Refinance	First National Bank Alaska
Wasilla	Office		1,750,000		1,575,000	Refinance	Alaska USA FCU
Wasilla	Retail		1,500,000		1,350,000	Refinance	First National Bank Alaska
Wasilla	Healthcare		2,370,000		2,133,000	New Construction	Northrim Bank
Wasilla	Healthcare		7,800,000		7,020,000	New Construction	First National Bank Alaska
TOTAL			124,646,701		108,524,077		

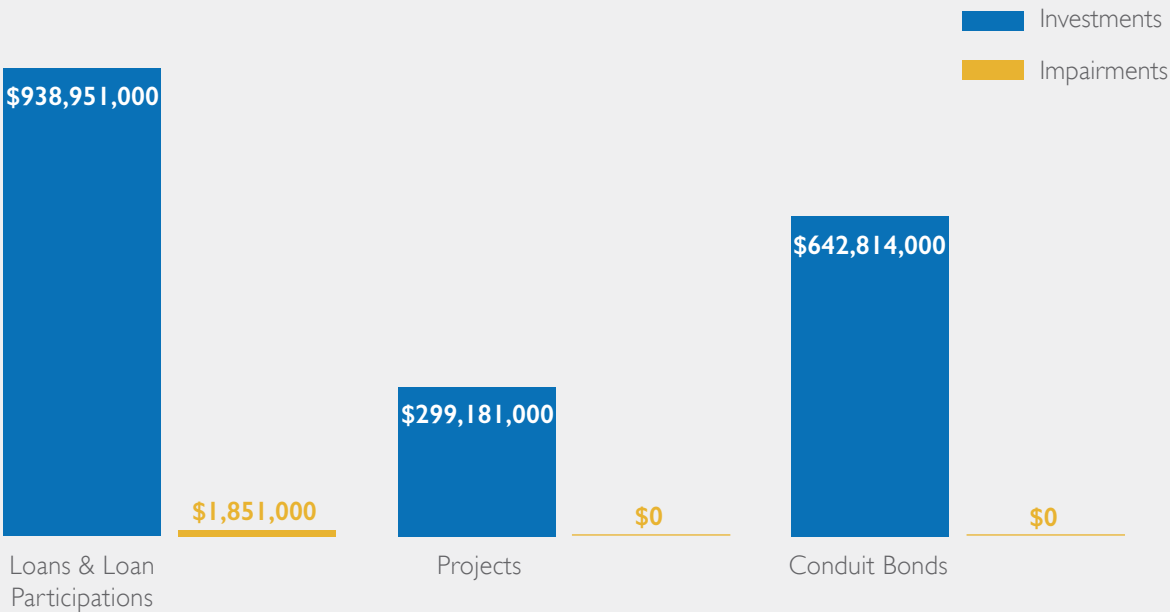
FISCAL YEAR TO DATE  
LOAN PORTFOLIO ACTIVITY

As of June 30, 2017

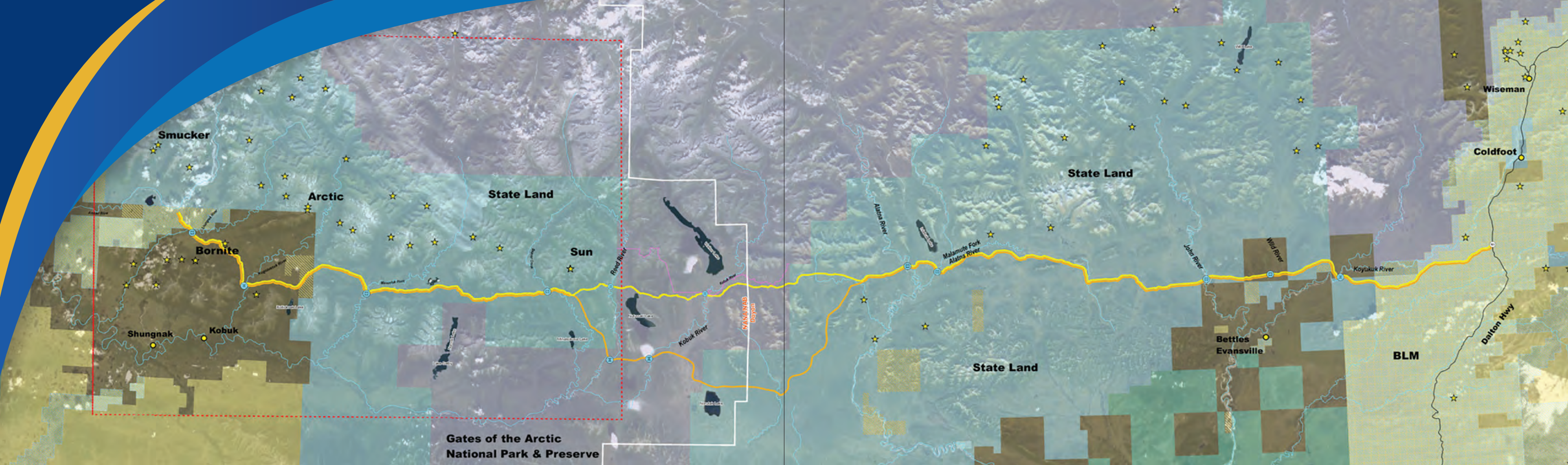
LOAN CATEGORY	STARTING BALANCE		NEW LOANS FUNDED		PRINCIPAL PAYMENTS		ENDING BALANCE		INTEREST RECEIVED	
Loan Participations	\$	320,610,464	\$	108,524,077	\$	(53,164,051)	\$	375,970,490	\$	15,377,980
Bond Sale Loans		12,637,962		-		(552,691)		12,085,271		671,786
OREO & Other Loans		273,610		-		(15,273)		258,337		14,059
Power Project Loans		16,307,479		-		(1,072,469)		15,235,010		571,844
Direct Loans		34,207,155		40,801,029		(38,700,000)		36,308,184		2,142,526
TOTAL		384,036,670		149,325,106		(93,504,484)		439,857,292		18,778,195

LOANS, PROJECT INVESTMENTS, & BONDS VS. IMPAIRMENTS

For Projects Funded After July 1, 2000







# INFRASTRUCTURE DEVELOPMENT

The State of Alaska has placed a high priority on the development of new mineral, oil, gas, and natural resource projects. These economic development projects are critical in Alaska's economy as they create good paying jobs, generate local and state revenues, and help to diversify the economy.

Developing transportation corridors, port facilities, and access to affordable energy is key to spurring natural resource development. By using a variety of financial and project delivery tools, AIDEA supports the development of these intermodal systems by tying together industrial roads, rail, and ports needed to bring natural resources, refined products, and goods to market.

AIDEA is ready to partner with project proponents to develop the state's critical infrastructure needs.

## AMBLER MINING DISTRICT INDUSTRIAL ACCESS PROJECT

The Ambler Mining District Industrial Access Project (AMDIAP) is patterned after the DeLong Mountain Transportation System that supports the Red Dog Mine. AMDIAP would provide access to the Ambler Mining District which has long been identified as a significant resource district and would make use of special provisions in the Alaska National Interest Lands Conservation Act (ANILCA) that allow this type of road to cross federal lands.

## PROJECT UPDATE

AIDEA has submitted, and the federal agencies have accepted, an application for transportation and utility systems and facilities on federal lands (SF-299). The SF-299 begins the process for access to the Ambler Mining District set out in the passage of ANILCA.

**“Congress finds that there is a need for access for surface transportation purposes across the Western (Kobuk River) unit of the Gates of the Arctic National Preserve (from the Ambler Mining District to the Alaska Pipeline Haul Road) and the Secretary shall permit such access in accordance with the provisions of this subsection.” ANILCA Section 201(4)(b).**

The Ambler Mining District is an area with rich mineral resources and has been explored for decades. Access to the district was recognized as needed in ANILCA, which directed the U.S. Departments of Interior and Transportation to select a corridor through Gates of the Arctic National Preserve for a road from the Dalton Highway to the district.

AIDEA, as the state's development finance authority, has experience working with the State of Alaska and private industry to develop needed infrastructure to support industrial and economic development. AIDEA worked with the State of Alaska, federal agencies, industry, and landowners to construct the DeLong Mountain Transportation System (DMTS), a port and road system supporting Red Dog Mine in northwest Alaska. The mine has created jobs and provided revenues to the Northwest Arctic Borough (NWAB) and NANA shareholders. DMTS was primarily funded by issuing bonds to finance

the project. The Ambler Project will have a similar financing structure, and could provide similar benefits to communities in the area by creating jobs and providing revenues.

## PROJECT BENEFITS

### ROAD CONSTRUCTION AND OPERATIONS JOBS

- An annual average of 486 jobs over the road construction period
- Up to 68 full-time jobs annually for road operations and maintenance

### MINES (4 MINES) CONSTRUCTION

- 5,933 direct jobs over two years for mine construction with \$457.4 million in wages
- 9,278 direct, indirect, and induced jobs with \$642.6 million in wages

### MINING (4 MINES) OPERATIONS

- 1,534 direct jobs with \$164.2 million in wages annually
- 3,186 direct, indirect, and induced jobs with \$324.7 million in wages annually

### GOVERNMENT REVENUES (4 MINES) TOTAL

- \$261 million in mining license tax revenues to the State
- \$357 million in corporate income taxes to the State
- \$78 million in production royalties to the State
- \$6.5 million (annually) payment-in-lieu of taxes to the NWAB per mine

For more information, visit [ambleraccess.org](http://ambleraccess.org).

## AMBLER MINING DISTRICT INDUSTRIAL ACCESS PROJECT

- ★ Mine Prospects
- Ⓜ Proposed Large Bridge
- Milepost 161
- Communities
- ▭ ANCSA Boundary
- ▭ Ambler Mining District
- Existing Roads
- AMDIAP Proposed Corridor (211 Miles)
- AMDIAP Alternative Corridor (228 Miles)
- Wilderness Boundary
- ▭ State Land
- ▭ State Selected
- ▭ State Top Filed (PLO 5150)
- ▭ Bureau of Land Management (BLM)
- ▭ Fish & Wildlife Service (FWS)
- ▭ National Park Services (NPS)
- ▭ ANCSA (Native Corporation Land)
- ▭ ANCSA Selected



# INTERIOR ENERGY PROJECT

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*The goal of the Interior Energy Project is to supply natural gas to Interior Alaska at the lowest cost possible—to as many Alaska customers as possible—as soon as possible.*

## DISTRIBUTION

Expansion of the Fairbanks Natural Gas (FNG) and initial construction of an Interior Gas Utility (IGU) distribution system took place in the summer of 2015. FNG installed 29.46 miles of pipe in the core of Fairbanks during the construction season. This covered the Aurora and Dartmouth main lines, Trinidad North, Wemby, Island Homes, Aurora Residential, and University West. IGU installed 73 miles of pipe in the North Pole area during summer 2015, which covered the entirety of the City of North Pole and neighborhoods immediately adjacent to the city.

In fall 2015, AIDEA executed the acquisition of Pentex Alaska Natural Gas Company, LLC, FNG's parent company. The Pentex acquisition advanced the goals of the IEP in three ways: (1) it immediately reduced rates to existing FNG customers by utilizing lower cost capital and a public ownership rate structure, (2) it facilitated the future integration of FNG and IGU to achieve greater economy of scale, and (3) it simplified the commercial discussions to develop a new supply of affordable energy to the Interior.

## STORAGE AND RE-GASIFICATION

IEP storage needs are based on two components: security

storage and load-leveling storage. The Regulatory Commission of Alaska (RCA) requires, as a condition of the certificates of need for IGU and FNG, five days of security storage to be available for each utility. In addition to RCA required security storage, additional storage can be added to the system to optimize the operation of a liquefied natural gas (LNG) facility. LNG plant and trucking operation costs, associated with seasonal variation in gas demand, can be reduced through the addition of load leveling storage expansion.

The planned consolidation of FNG and IGU into a single operating entity allows for coordination of storage planning at the distribution end of the supply chain. AIDEA staff worked with FNG and IGU on plan and design for combined storage needs. The combined utility effort evaluated a 5.25 million-gallon storage tank in Fairbanks and bullet tank storage in the North Pole area. The operation of all storage facilities will be coordinated to benefit the combined service territories of FNG and IGU.

## SUPPLY

With the selection of a Cook Inlet project as the preferred location for a liquefied natural gas plant, the IEP team turned its attention to securing a gas supply from the Cook Inlet basin. FNG, through its affiliate Titan LNG, LCC, currently has a gas supply agreement with Hilcorp Alaska to provide natural gas to the existing Titan facility through March 2018. On September 21, 2017, FNG announced it had secured continued gas supply from Hilcorp Alaska for an additional three-year period with favorable terms to support the IEP effort.

## LIQUEFACTION

The current supply of LNG to support natural gas customers in Interior Alaska is produced at the Titan facility in the Mat-Su Borough, which is capable of supplying approximately 1 billion cubic feet (bcf) of natural gas per year to interior Alaska. The IEP expansion concept is to enlarge this operation through a co-located 3 bcf/yr. addition at the site of the existing LNG plant. The current cost estimate for this work is based on previous pre-front end engineering work with vendor prices for key components. Prior to initiation of construction for LNG capacity expansion, a competitive solicitation will be made to determine if the co-location concept provides the lowest cost for expanded product to the Interior, or if another source would reduce cost.

## TRANSPORTATION

FNG currently trucks LNG from the Titan LNG plant to its storage facilities in Fairbanks. In order to improve the economics of LNG transport via truck, AIDEA participated in a 2015 pilot project to test a larger capacity LNG trailer provided by Western Cascade. The Western Cascade trailer was successfully tested with net capacity of approximately 12,300 gallons, up from the 10,500 gallons of the existing FNG trailers. The lower per-unit cost of delivering LNG using larger trailers presents a viable opportunity to reduce a key component of the IEP supply chain. As a result, Titan Alaska LNG purchased the trailer provided by Western Cascade for the test project. Titan also ordered and has taken delivery of three additional large-capacity trailers to replace aging units in its current fleet.

With the selection of a Cook Inlet source of LNG for the IEP, the Alaska Railroad Corporation (ARRC) has undertaken efforts to become a potential transporter of LNG to the Interior. ARRC worked with Hitachi High-Tech AW Cryo to evaluate the logistics and economics of LNG shipment from the Titan plant at Port MacKenzie to interior Alaska via rail. Test shipments using rail-mounted ISO containers were made in fall 2016. Based on the success of the test shipments, the ARRC is actively exploring ways to reduce handling requirements at each end of the rail link in order to make bulk rail shipments of LNG cost competitive.

## HB 105 PROJECT PLAN APPROVAL

On September 21, 2017, the AIDEA Board considered and approved a project plan that complied with the requirements of Chapter 39, SLA 2015 (HB105).

## DECEMBER 2017 UPDATE

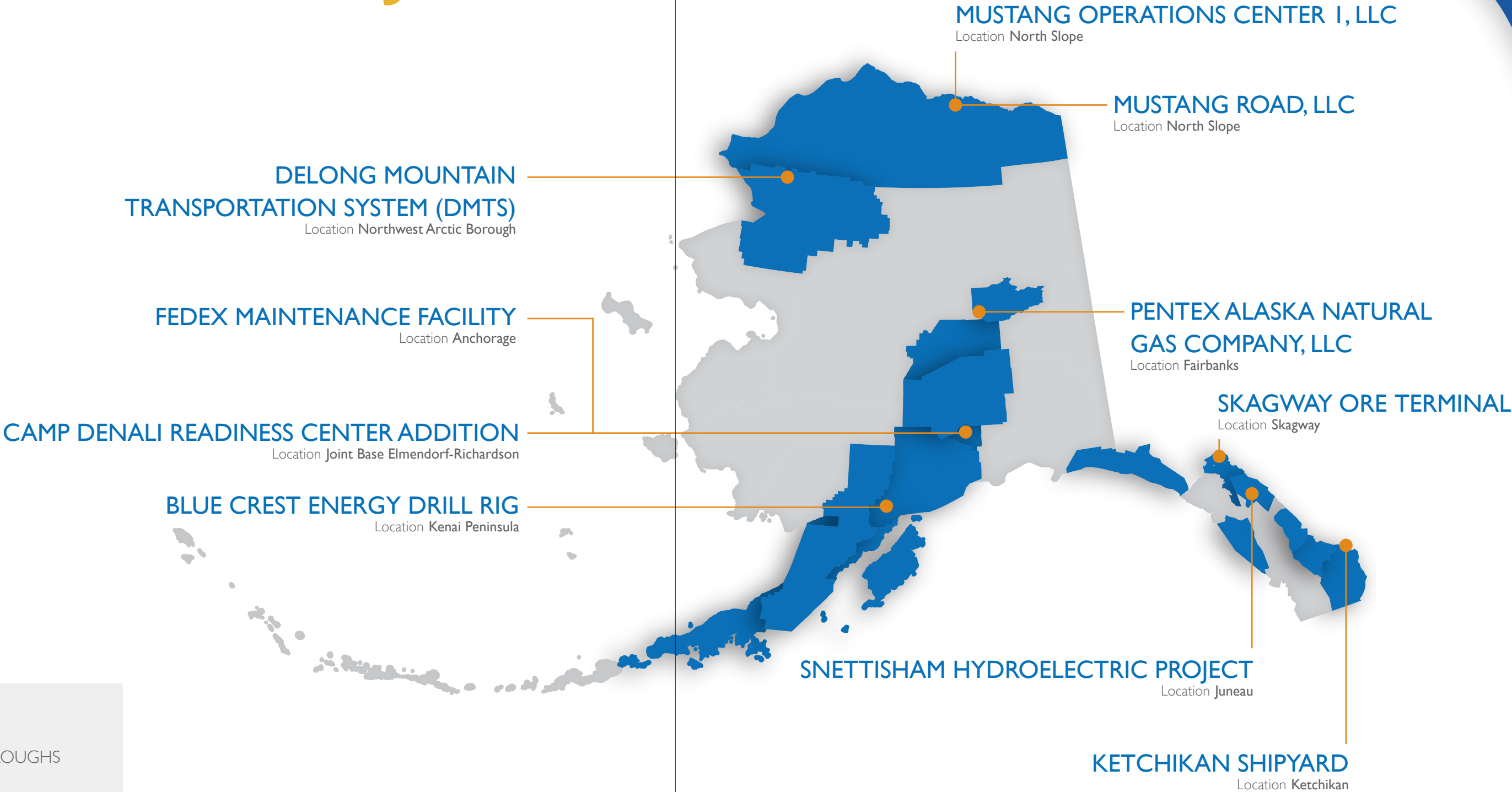
After lengthy negotiations, a Purchase and Sale Agreement and separate Financing Agreement were signed on December 13th for the sale of the Pentex assets to the IGU. This action, and eventual closing of that deal, will allow the FNG and IGU service territories to be merged into a single natural gas distribution utility serving customers within the Fairbanks North Star Borough. This action will produce improved economies of scale for customers of the combined systems.

For more information on the Interior Energy Project, visit [interiorenergyproject.com](http://interiorenergyproject.com).

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# ASSETS & PROJECTS



BLUE SHADED  
INCORPORATED BOROUGHS

GRAY SHADED  
UNINCORPORATED AREAS



# PROJECT DEVELOPMENT & ASSET MANAGEMENT

**235** CONSTRUCTION  
JOBS CREATED

**964** PERMANENT  
JOBS CREATED

AIDEA provides assistance to the economic development of Alaska through its ability to develop, own, and operate facilities within the state. AIDEA's ownership of these assets is intended to advance the prosperity of a region. These projects cover a range of types and size, and through several industry sectors. Manufacturing facilities, roads, ports, infrastructure for tourism destination facilities, federal facilities, community public purpose, and communications essential for regional economic well-being are considered eligible projects.

## PROJECT UPDATES

### BLUECREST ENERGY, INC.

AIDEA is playing a crucial role in the development of the Cosmopolitan oil field in the southern portion of the Cook Inlet. AIDEA provided direct loan financing to BlueCrest for their construction of a new extended-reach, high-horsepower drill rig. AIDEA's financing also covered the construction of a new man-camp to house the drill rig workers and all rig-associated tools and equipment. This onshore-based rig is operational and has resulted in two extended reach wells at the Hansen Production Facility, north of Anchor Point. Oil production from the first wells has exceeded 100,000 barrels and was shipped to the Kenai Tesoro Refinery, displacing the refinery's imported oil. Total project-related employment is currently over 120 individuals, with more to be added as rig operations increase. Total tax and royalty payments to the borough and state are anticipated to exceed \$150 million in the first ten years.

### KETCHIKAN SHIPYARD

The shipyard continues to play an integral role in the Ketchikan economy. AIDEA's ownership of the shipyard, in cooperation

with the City of Ketchikan and Ketchikan Gateway Borough, enables the operator, Vigor Alaska, to continue to provide competitive shipbuilding and marine repair/maintenance services. An example is the on-going construction of two Alaska-class ferries to be placed into service with the Alaska Marine Highway System beginning in 2018. This unique public-private partnership (P3) was recognized with a silver award in the P3 category at the International Economic Development Council's 2015 conference. The partnership also continues to leverage available federal funds. This includes receipt of unspent prior-year federal appropriations for site preparations to enable the construction of a new Maintenance Hall.

### FUTURE OPPORTUNITIES

Alaska's only large-scale industrial manufacturing facility provides important marine industry opportunities. The facility can provide shipbuilding for the recapitalization of the Alaska fishing fleet, support for offshore oil exploration and development activities and home-based maintenance/repair services for nearly any marine vessel. Both Vigor and AIDEA also continue to discuss shipbuilding and repair opportunities for the Alaska-based U.S. Coast Guard vessels.

## ECONOMIC BENEFITS



More than **193 full-time jobs**, both direct employees and contractors in 2016.



The shipyard was one of the **top 5 private employers** in the community.



Vigor's **annual wage is 59% higher** than the average annual wage in the Ketchikan Gateway Borough.



Over **\$12 million** of total annual payroll in Ketchikan in 2016.





# PROJECT UPDATES



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## MUSTANG OPERATIONS CENTER I, LLC (MOC I)

AIDEA continues to support Brooks Range Petroleum Corporation's on-going development of the Mustang oilfield located to the west of ConocoPhillips' Kuparuk River field on the North Slope. The road and pad, constructed in 2013, provided crucial support for the drilling activities performed this past winter/spring by ASRC for their Placer Unit, located just north of the Mustang Field. Both AIDEA and BRPC are cooperating for the development of new financing to support the completion of the project. Much of the facility's processing equipment is complete and awaiting transport to the North Slope for on-site construction. When complete, the project will provide more than 10,000 barrels per day of new oil to TAPS and significant new oil-related revenues to the State and North Slope Borough.

## FEDEX MAINTENANCE, REPAIR, AND OPERATIONS FACILITY

FedEx signed a new lease extension in April 2015 for their use of AIDEA's Maintenance, Repair, and Operations (MRO) facility at the Anchorage airport. The new lease included several repair and refurbishment activities for the hangar, including the replacement of the main hangar door, overhaul of the fire pumps, replacement of the facility boilers, and numerous other activities.

## DELONG MOUNTAIN TRANSPORTATION SYSTEM (RED DOG MINE)

As one of AIDEA's original financing projects, the DMTS entered its 27th year of operations in 2017. In partnership with NANA and Teck Resources, Ltd., the mine produced more than 1.2 million tons of zinc and lead ore concentrates in 2016. The DMTS road and port facilities provide the means of export for these products. Total employment at the mine and port exceeded 700 individuals for 2016, with a payroll of more than \$75 million annually. Over the past five years, Teck has also contributed more than \$11 million annually to the Northwest Arctic Borough (NWAB) via its payment-in-lieu of taxes (PILT).



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## PENTEX ALASKA NATURAL GAS COMPANY, LLC (PENTEX)

Fairbanks Natural Gas, LLC (FNG), a wholly-owned subsidiary of Pentex, is the natural gas utility providing gas service to Fairbanks, Alaska. The company initiated service to its first customer during the spring of 1998. Over 1,000 residential and commercial customers now enjoy the benefits of natural gas. FNG continues to broaden its underground distribution system to serve the Fairbanks community.

FNG continued to supply its customers with domestic and commercial natural gas. FNG participated with the Interior Gas Utility (IGU) in ongoing discussions to integrate the two local

distribution companies in support of the Interior Energy Project (IEP). FNG restarted planning for its 5.25 million-gallon LNG storage project.

Titan Alaska LNG, LLC (Titan), a wholly-owned subsidiary of Pentex, continued to supply LNG to its customers, FNG being its largest consumer of LNG. Titan focused on improvements to its LNG delivery efficiency with the acquisition of three additional large volume trailers. The new trailers will enhance the delivery capacity of Titan to its customers and lower the cost of transportation per unit of LNG delivered.

Arctic Energy Transportation, LLC, a wholly-owned subsidiary of Pentex, continued to supply LNG motor fuel to Titan.



# LOAN PARTICIPATION

The Loan Participation program provides permanent financing, both taxable and tax-exempt, to borrowers through a qualified financial institution for the purpose of developing, acquiring, or enhancing an Alaska business enterprise. The program also provides long-term fixed or variable rate financing on the portion of the loan purchased by AIDEA. Under this program, AIDEA does not originate loans, but is able to participate in up to 90 percent of a commercial loan up to a maximum of \$25 million from an eligible financial institution.

Benefits include competitive interest rates and terms that can go up to 15 years for equipment and 25 years for real estate. These benefits result in lower scheduled payments for the borrower easing the repayment burden for Alaska projects.

## GREER TANK & WELDING, INC. ANCHORAGE

Greer Tank, Inc. originally began as Greer Tank & Welding in Fairbanks, Alaska in 1952, manufacturing tanks with a small set of plate rolls in Ruth and Glenn Greer's garage. For 65 years, Greer is still family owned and operated, and producing tanks in Fairbanks and Anchorage in Alaska and in Lakewood, Washington.

Greer offers welding services that include custom construction and water jet fabrication, producing steel and aluminum, steel tanks, septic tanks, polyethylene water and septic tanks, and ATV trailers. Their products are available throughout all of Alaska and the entire Northwest.

They have shipped tanks and fabrications as far south as Houston, Texas, and storage vessels from Washington, to Hawaii, and Guam. In addition, many vessels and fabrications have been sent north to Prudhoe Bay, including low temperature steel storage vessels and tow behind Frac tanks and Tiger tanks.

Greer employs between 90 and 100 employees throughout the corporation on a daily basis.

AIDEA partnered with Northrim Bank to assist in Greer's expansion of their Anchorage facility with the addition of two new buildings. Northrim Bank originated the \$2,032,500 loan and AIDEA participated at 90% with \$1,829,250. AIDEA's portion provides a 25-year term at a fixed rate of 4.24%.

*"When we needed to upgrade our paint facilities at our Fairbanks location we turned to Northrim Bank who facilitated the loan through AIDEA for our best financing options."*

Mark Greer  
General Manager  
Greer Tank & Welding

**\$124.65 MILLION** IN NEW APPROVED LOANS IN FY17, WITH AIDEA'S PARTICIPATION OF **\$108.52 MILLION.**

**599 LOANS** FUNDED SINCE 1992, WITH AIDEA'S PARTICIPATION OF **\$1.08 BILLION.**

**332 CONSTRUCTION JOBS** SUPPORTED IN FY17 & **8,798 CONSTRUCTION JOBS** SUPPORTED SINCE 1992.

**326 PERMANENT JOBS** SUPPORTED IN FY17 & **9,260 PERMANENT JOBS** SUPPORTED SINCE 1992.



## CONDUIT REVENUE BONDS

The Conduit Revenue Bond Program allows AIDEA to issue taxable and tax-exempt bonds on behalf of a private or public entity. The underwriting and placement of the bonds is based on the creditworthiness of the project borrower's financial strength, and any credit enhancements offered by the borrower. These bonds are payable from the revenues of the project being funded and neither the assets nor credit of AIDEA or the State are at risk.

### AIDEA ISSUED BONDS USES

- INDUSTRIAL DEVELOPMENT BONDS – support the capital needs for manufacturers including real estate, refurbishing a plant, new construction, equipment, etc.
- 501(C)(3) BONDS – are issued to support the capital projects on non-profits such as hospitals, clinics, social services, etc.
- EXEMPT FACILITY BONDS – are for those projects that provide general government services but by private entities, including electricity and heat generation, water and wastewater services, airports etc.

## SPECIALTY FINANCING

### SUSTAINABLE ENERGY TRANSMISSION & SUPPLY DEVELOPMENT PROGRAM (SETS)

Under the SETS program, AIDEA is now equipped to lend money and provide guarantees for a “qualified energy development,” which includes many of the physical components comprising Alaska’s energy infrastructure.

Qualified Energy Developments are defined as

- Transmission, generation, conservation, storage, or distribution of heat or electricity;
- Liquefaction, regasification, distribution, storage, or use of natural gas except a natural gas pipeline project for transporting natural gas from the North Slope or Cook Inlet to market; or
- Distribution or storage of refined petroleum products.

### NEW MARKETS TAX CREDITS GUARANTEE & LOAN PROGRAM

Under this program, AIDEA may provide a loan guarantee for the Leveraged Loan portion of a New Markets Tax Credit transaction. The borrower must apply to AIDEA for the guarantee which may be used to get a loan from a commercial lender. AIDEA may also provide a direct Leveraged Loan in those instances where it can be shown that at least two financial institutions have declined to make a leveraged loan even with an AIDEA guarantee.

For more information on these programs, please [contact AIDEA](#).

318 CONDUIT BONDS  
TOTALING \$1.38 BILLION  
ISSUED SINCE 1978



## SMALL BUSINESS LOAN PROGRAMS

### RURAL DEVELOPMENT INITIATIVE FUND (RDIF)

This program provides long-term, private-sector employment by financing business start-up and expansion in communities with a

- Population of 5,000 or fewer; and not connected by road or rail to Anchorage or Fairbanks, or
- Population of 2,000 or fewer; and connected by road or rail.

Applicable uses of loan funds include working capital, equipment, and construction and must result in the creation of new jobs or the retention of existing jobs. The maximum loan amount is \$150,000 for one person or up to \$300,000 for two or more people for a maximum of 25 years, with the interest rate being fixed at the time of loan approval.

### SMALL BUSINESS ECONOMIC DEVELOPMENT FUND (SBED)

This program provides long-term private-sector employment by financing business start-up and expansion for companies that are a small business as defined by the Small Business Administration. Applicants are required to match loan funds with cash or other private financing. SBED loans must result in the creation of new jobs or the retention of existing jobs. The maximum loan amount

## SMALL BUSINESS LOAN HIGHLIGHTS

**\$684,000** IN NEW  
APPROVED LOANS IN FY17  
& **\$33,005,403** OVERALL.

is \$300,000 for a maximum of 20 years on fixed assets and five years for working capital; all loans must be adequately secured; and the interest rate is fixed.

These two AIDEA Loan Programs are administered by the State of Alaska Department of Commerce, Community and Economic Development, Division of Economic Development. For more information on these Small Business Loans, please visit <http://commerce.alaska.gov/ded/fin/loanPrograms.html>.

**12 JOBS** CREATED OR  
RETAINED IN FY17 & **1,835**  
**JOBS** CREATED OVERALL.

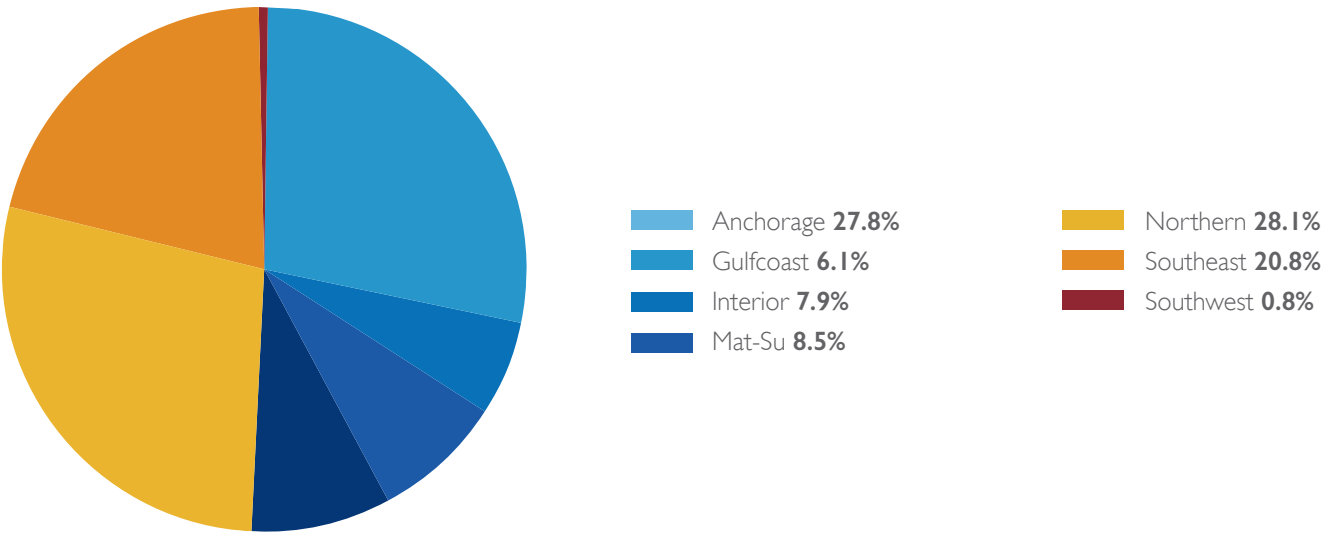


# PORTFOLIO HIGHLIGHTS

Year Ending June 30, 2017

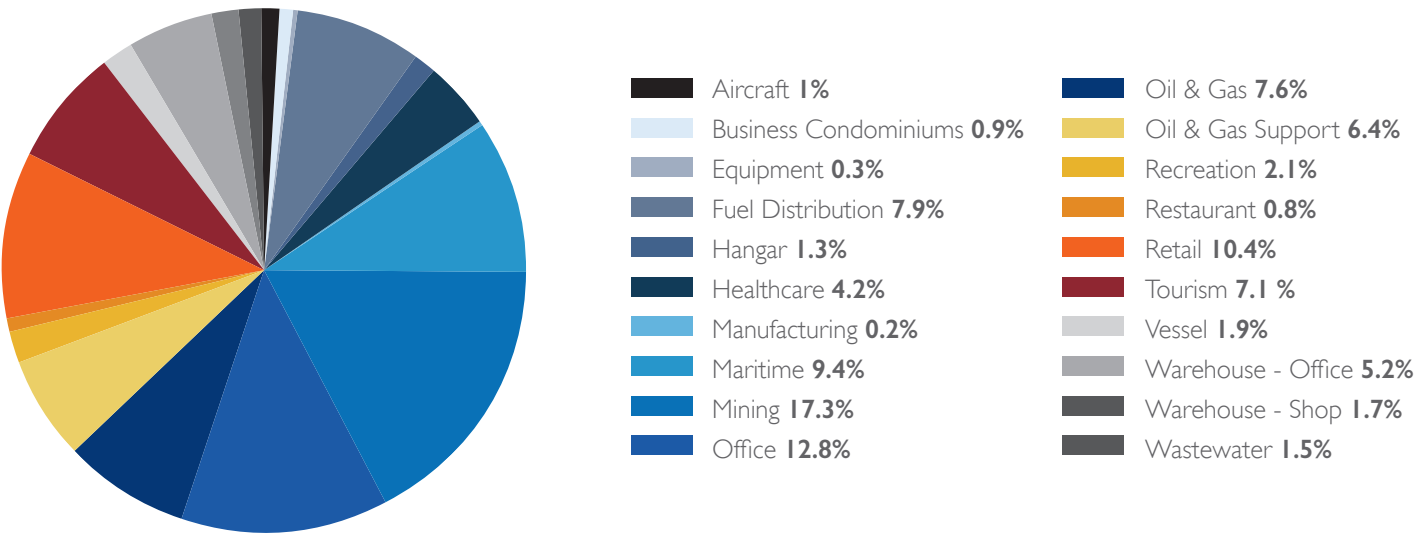
## REGIONAL DIVERSITY OF COMBINED CAPACITY PROJECTS AND LOANS

Existing and Approved Projects and Loans



## INDUSTRY DIVERSITY OF COMBINED CAPACITY PROJECTS AND LOANS

Existing and Approved Projects and Loans

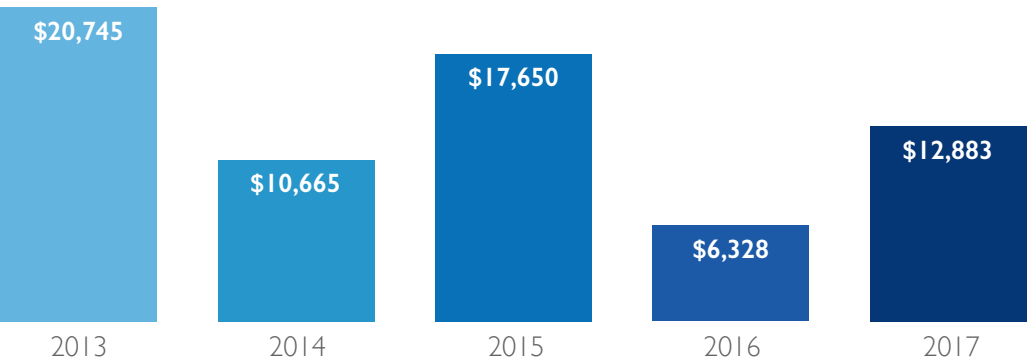


# FINANCIAL HIGHLIGHTS

Year Ending June 30, 2017

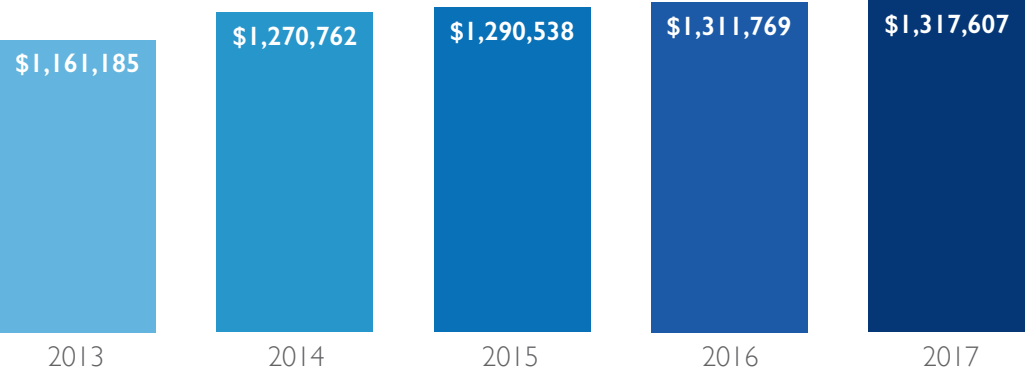
## DIVIDEND BY FISCAL YEAR DECLARED

Thousands Per Fiscal Year



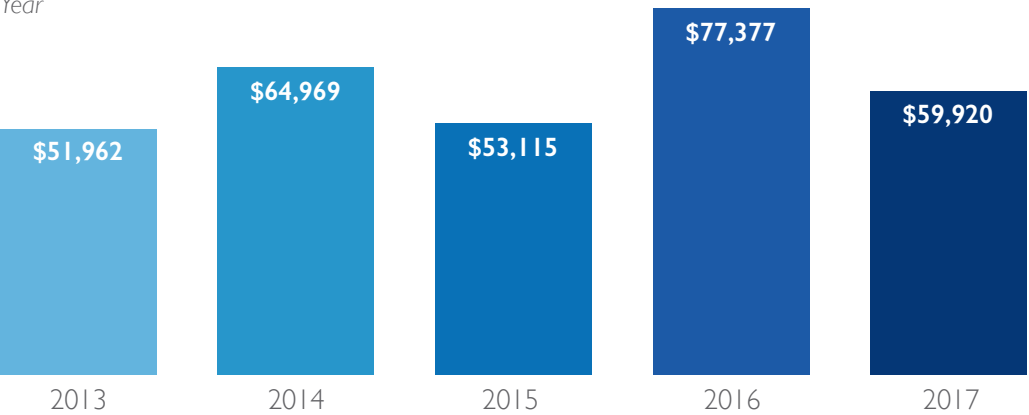
## NET POSITION

Thousands Per Fiscal Year



## TOTAL OPERATING REVENUE

Thousands Per Fiscal Year





# FINANCIAL HIGHLIGHTS

Year Ending June 30, 2017

## STATEMENTS OF NET POSITION (In Thousands)\*

	As of JUNE 30, 2017	As of JUNE 30, 2016
<b>ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>ASSETS:</b>		
Investment securities and cash	\$ 567,178	\$ 610,046
Loans, net	405,108	352,974
Development projects	319,504	330,775
Development project assets-Pentex	67,922	68,255
Line of credit	27,412	29,690
Other assets	36,213	35,355
Snettisham project assets	70,964	73,411
<b>Total assets</b>	<b>1,494,301</b>	<b>1,500,506</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows of resources	3,452	2,571
Deferred outflows of resources-Pentex	2,276	2,397
Snettisham project deferred outflows of resources	3,611	4,179
<b>Total deferred outflows of resources</b>	<b>9,339</b>	<b>9,147</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,503,640</b>	<b>\$ 1,509,653</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>		
<b>LIABILITIES:</b>		
Revolving fund bonds	\$ 45,990	\$ 55,645
Other liabilities	63,958	63,528
Development project liabilities-Pentex	1,332	867
Snettisham project liabilities	74,575	77,590
<b>Total liabilities</b>	<b>185,855</b>	<b>197,630</b>
Deferred inflows of resources	178	254
<b>NET POSITION:</b>		
Net position	1,317,547	1,311,254
Net position-Pentex	60	515
<b>Total net position</b>	<b>1,317,607</b>	<b>1,311,769</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<b>\$ 1,503,640</b>	<b>\$ 1,509,653</b>

\*Unaudited

## REVENUES, EXPENSES, & CHANGES IN NET POSITION (In Thousands)\*

	Year Ending JUNE 30, 2017	Year Ending JUNE 30, 2016
<b>OPERATING REVENUES:</b>		
Interest on loans	\$ 16,612	\$ 15,810
Income from development projects	16,022	14,747
Income from development projects-Pentex	16,467	12,589
Snettisham project restricted income	3,099	3,320
Investment interest	10,676	10,407
Net increase (decrease) in fair value of investments	(11,113)	9,936
Income from state agencies and component units	6,377	7,567
Other income	1,780	3,001
<b>Total operating revenues</b>	<b>59,920</b>	<b>77,377</b>
<b>OPERATING EXPENSES:</b>		
Interest	2,461	2,784
Snettisham project interest expense	3,099	3,320
Nonproject personnel, general and administrative	6,761	6,669
Net pension related adjustment	2,331	1,885
Costs reimbursed from State agencies and component units	6,377	7,567
Provision for loan losses	1,120	(176)
Depreciation on projects	6,295	3,459
Project feasibility and due diligence	966	1,143
Expenses-Pentex	17,014	12,112
Other project expenses	3,525	1,389
<b>Total operating expenses</b>	<b>49,949</b>	<b>40,152</b>
<b>Operating income</b>	<b>9,971</b>	<b>37,225</b>
Other revenues, net and other	2,103	1,618
Other revenues-Pentex	92	38
<b>Increase in net position, before dividend to State of Alaska</b>	<b>12,166</b>	<b>38,881</b>
Dividend to State of Alaska	(6,328)	(17,650)
<b>Increase in net position, after dividend to State of Alaska</b>	<b>5,838</b>	<b>21,231</b>
Net position-beginning of year	1,311,769	1,290,538
<b>NET POSITION-END OF YEAR</b>	<b>\$ 1,317,607</b>	<b>\$ 1,311,769</b>

\*Unaudited



# EXECUTIVE STAFF



**JOHN SPRINGSTEEN**  
CEO  
Executive Director



**BRENDA APPEGATE**  
Chief Financial Officer



**CHRIS ANDERSON**  
Director  
Commercial Finance



**MARK DAVIS**  
Chief Infrastructure  
Development Officer



**DR. JAMES HEMSATH, PE, PMP**  
Director  
Project Development  
& Asset Management



**MICHAEL CATSI, CEcD**  
Director  
Business Development  
& Communications



**KARSTEN RODVIK**  
External Affairs Officer



**LINDA SENN, Ph.D.**  
Human Resources Manager



**GENE THERRIAULT**  
Interior Energy Project Team Lead

# BOARD



**MR. DANA PRUHS**  
Chair  
Public Member



**MR. RUSSELL DICK**  
Vice-Chair  
Public Member



**MS. ELAINE BROWN**  
Public Member



**MR. JERRY BURNETT**  
Deputy Commissioner  
Department of Revenue (Designee)



**MR. DAN KENNEDY**  
Public Member



**MR. FRED PARADY**  
Deputy Commissioner  
Department of Commerce,  
Community, & Economic  
Development (Designee)



**MR. GARY WILKEN**  
Public Member

For AIDEA's complete Audited Financial Statements for Fiscal Year 2017, visit [www.aidea.org/NewsPublications/Publications/FinancialStatements.aspx](http://www.aidea.org/NewsPublications/Publications/FinancialStatements.aspx), or call 907.771.3000.

**Exemption from Taxation:** The Alaska Industrial Development and Export Authority is a political subdivision of the State of Alaska performing an essential governmental function and as such is not subject to federal or state income taxation. In accordance with AS 44.88.140 (a), the Authority submits the following information describing the nature and extent of the tax exemption of the Authority's property: all furniture, fixtures and equipment utilized by Authority personnel and real property occupied by the Authority offices within the Municipality of Anchorage are exempt from Municipality of Anchorage property taxes. All real and personal property associated with or part of projects developed, originally owned or operated under the Economic Development account located within cities, municipalities and/or boroughs are exempt from any respective real and personal property taxes.



# ALASKA'S DEVELOPMENT FINANCE AUTHORITY



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Anchorage, Alaska 99503

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